

**UNITED STATES OF AMERICA**  
**FEDERAL ENERGY REGULATORY COMMISSION**

Building for the Future Through Electric Regional )      Docket No.    RM21-17-000  
Transmission Planning and Cost Allocation and    )  
Generator Interconnection                                )

**REPLY COMMENTS OF THE MONTANA PUBLIC SERVICE COMMISSION**

The Montana Public Service Commission (“Montana PSC”) submits the following reply comments in response to the Federal Energy Regulatory Commission’s (“FERC”) Advance Notice of Proposed Rulemaking (“ANOPR”) on various transmission-related concerns. FERC’s questions are both timely and important, and the Montana PSC appreciates the opportunity to comment.

The National Association of Regulatory Utility Commissioners (“NARUC”) submitted initial comments in response to the ANOPR on October 12, 2021. NARUC is the national organization of state commissions responsible for economic and safety regulation of the retail operations of utilities. The Montana PSC concurs with the comments submitted by NARUC. While the Montana PSC sees merit in evaluating potential improvements to regional transmission planning and cost allocation and generator interconnection processes, given expected changes in demand and the mix of generating resources, the Montana PSC reiterates an important observation by NARUC that any reforms should explicitly recognize the essential roles of state regulators and state laws in these processes.<sup>1</sup>

The Montana PSC particularly supports NARUC’s comments that address planning

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<sup>1</sup> Docket No. RM21-17-000, Motion to Intervene and Comments of the National Association of Regulatory Utility Commissioners (“NARUC’s Comments”) 7 (Oct. 12, 2021).

transparency, assessment of project viability, consideration of transmission alternatives, deterministic and probabilistic scenario analysis, integrating interconnection with transmission planning, identification and quantification of benefits, project selection enhancement, and promotion of cost control efforts.<sup>2</sup>

The Montana PSC is open to the idea of independent transmission planning and system monitoring, but, like the Oregon Public Utilities Commission, we are unsure how such a function would work in the West.<sup>3</sup> The Montana PSC looks forward to more information regarding how independent transmission monitoring would serve states' interests while furthering efficient market development.

The Montana PSC strongly supports NARUC's comments regarding cost allocation. FERC should pay particular attention to NARUC's discussion urging the retention of foundational cost causation principles applied to network upgrades, cost responsibility for public policy requirements, the importance of quantifiable or verifiable benefits in the allocation of cost, protection from costs allocated on broad estimates of transmission benefits driven by anticipated generation that is never built, and the importance of the participant funding model applied to interconnection-related network upgrades.<sup>4</sup>

Montana has good wind resource potential. However, it remains unclear whether the all-in cost of Montana's wind resources, including necessary transmission infrastructure, aligns with long-term, least-cost, region-wide solutions for a reliable and resilient power system. In that

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<sup>2</sup> *Id.* at 8-14.

<sup>3</sup> *Id.* at 20-21; Comments of the Oregon Public Utility Commission 2 (Oct. 12, 2021).

<sup>4</sup> NARUC's Comments 21-33. The Montana PSC notes that Montana QF developers' comments suggest expanding the scope of any future rulemaking on transmission to address alleged discriminatory treatment of QFs in the allocation of interconnection-related network upgrades. Joint Comments of Montana QF Developers (Oct. 12, 2021). Although the QF developers' comments reflect a misunderstanding of the disparate policy objectives of PURPA and the Federal Power Act, we do not reply to those comments here. The issues raised by Montana QF developers were thoroughly briefed in Docket No. EL21-86, and it would be inappropriate to relitigate here.

regard, the Montana PSC emphasizes the importance of retaining cost allocation principles that ensure load serving entities only pay the costs of regional transmission facilities that provide quantifiable or verifiable benefits, as opposed to benefits that are only speculative or contingent.<sup>5</sup>

Montana's electric utility customers already face charges for transmission infrastructure reflective of geographically large service areas and low customer density—the state's primary utility has more transmission and distribution poles than customers.<sup>6</sup> The Montana PSC respectfully requests that the FERC weigh those considerations, together with Montana's low median per-capita income, when formulating any proposed rules that would materially change the methods used to allocate the costs of regional transmission facilities.

The Montana PSC appreciates the opportunity to comment and looks forward to continued collaboration with the FERC on these critical issues as this proceeding progresses.

Respectfully submitted,

**Montana Public Service Commission**

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Dated: November 30, 2021

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<sup>5</sup> NARUC's Comments 26-27.

<sup>6</sup> Test. Curtis Pohl 7, *In re NorthWestern Energy's Application for Authority to Increase Retail Electric Utility Service Rates* (Mont. PSC Sept. 28, 2018) (Dkt. 20018.02.012); Test. Michael Cashell 4, *In re NorthWestern Energy's Application for Authority to Increase Retail Electric Utility Service Rates* (Mont. PSC Sept. 28, 2018) (Dkt. 20018.02.012).